

*Wayland Area Emergency Medical Services
Allegan County, Michigan*

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Years ended February 29, 2008 and February 28, 2007

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INDEPENDENT AUDITORS' REPORT

**Members of the Board
Wayland Area Emergency Medical Services**

We have audited the accompanying financial statements of the Wayland Area Emergency Medical Services (the Authority) as of February 29, 2008 and February 28, 2007, and for the years then ended, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Wayland Area Emergency Medical Services as of February 29, 2008 and February 28, 2007, and the respective changes in financial position and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The Authority has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Siegfried Crandall P.C.

October 21, 2008

BASIC FINANCIAL STATEMENTS

Wayland Area Emergency Medical Services**STATEMENT OF NET ASSETS***February 29, 2008 and February 28, 2007*

	<u>2008</u>	<u>2007</u>
ASSETS		
Current assets:		
Cash	\$ 169,333	\$ 207,899
Receivables, net	120,180	106,831
Prepaid expense	<u>13,000</u>	<u>10,000</u>
Total current assets	302,513	324,730
Capital assets, net	<u>265,657</u>	<u>185,667</u>
Total assets	<u>568,170</u>	<u>510,397</u>
LIABILITIES		
Accounts payable	13,117	17,262
Accrued payroll and payroll taxes	<u>38,837</u>	<u>41,128</u>
Total liabilities	<u>51,954</u>	<u>58,390</u>
NET ASSETS		
Investment in capital assets	265,657	185,667
Unrestricted	<u>250,559</u>	<u>266,340</u>
	<u>\$ 516,216</u>	<u>\$ 452,007</u>

See notes to financial statements

Wayland Area Emergency Medical Services**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

Years ended February 29, 2008 and February 28, 2007

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES:		
Charges for services, net	\$ 654,530	\$ 570,047
Operating subsidies from member units	60,000	60,000
Memberships	20,270	16,832
Training fees	14,784	12,180
Contributions	2,294	5,486
Other	<u>5,622</u>	<u>1,605</u>
Total operating revenues	<u>757,500</u>	<u>666,150</u>
OPERATING EXPENSES:		
EMT payroll	421,103	385,347
Payroll taxes	31,095	33,157
Employee medical insurance	29,932	24,646
Employee subsidy	11,191	8,793
Public education	12,799	24,172
Professional services	64,667	50,923
Medical supplies and equipment	29,071	28,275
Vehicle operation and maintenance	77,444	51,932
Office expenses	10,082	12,412
Insurance	34,252	44,118
Radios and pagers	3,774	2,571
Other supplies and equipment	5,706	15,035
Utilities and telephone	17,578	14,624
Depreciation	24,814	21,434
Advertising and promotions	3,442	3,489
Other	<u>1,685</u>	<u>2,181</u>
Total operating expenses	<u>778,635</u>	<u>723,109</u>
OPERATING LOSS	<u>(21,135)</u>	<u>(56,959)</u>
NONOPERATING REVENUES:		
Interest revenue	7,944	9,070
Grant revenue	<u>77,400</u>	<u>-</u>
Total nonoperating revenues	<u>85,344</u>	<u>9,070</u>
CHANGE IN NET ASSETS	64,209	(47,889)
NET ASSETS - BEGINNING	<u>452,007</u>	<u>499,896</u>
NET ASSETS - ENDING	<u>\$ 516,216</u>	<u>\$ 452,007</u>

See notes to financial statements

Wayland Area Emergency Medical Services**STATEMENT OF CASH FLOWS***Years ended February 29, 2008 and February 28, 2007*

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 641,181	\$ 581,873
Receipts from member units	60,000	60,000
Receipts from others	42,970	45,173
Payments to suppliers	(339,863)	(311,365)
Payments to employees	<u>(423,394)</u>	<u>(377,255)</u>
Net cash used in operating activities	<u>(19,106)</u>	<u>(1,574)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grant revenue	77,400	-
Purchase of capital assets	<u>(104,804)</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(27,404)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>7,944</u>	<u>9,070</u>
NET INCREASE (DECREASE) IN CASH	(38,566)	7,496
CASH - BEGINNING	<u>207,899</u>	<u>200,403</u>
CASH - ENDING	<u>\$ 169,333</u>	<u>\$ 207,899</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (21,135)	\$ (56,959)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	24,814	21,434
Decrease in:		
Accounts receivable	(13,349)	20,896
Prepaid expense	(3,000)	1,362
Increase (decrease) in:		
Accounts payable	(4,145)	3,601
Accrued payroll and payroll taxes	<u>(2,291)</u>	<u>8,092</u>
Net cash used in operating activities	<u>\$ (19,106)</u>	<u>\$ (1,574)</u>

See notes to financial statements

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Wayland Area Emergency Medical Services (the Authority) was established June 26, 1999, to jointly provide emergency medical services within the member municipalities in Allegan and Barry counties, Michigan. The Authority is comprised of ten units of government in Allegan and Barry counties. The Authority began operations as a government entity on October 1, 2002. The Authority replaces a predecessor not-for-profit corporation.

The accounting policies of the Authority conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles), as applicable to governments. The following is a summary of the more significant policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Authority. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Authority has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Authority's financial statements. Also, the Authority is not a component unit of any other entity.

b) Basis of presentation:

The accounts of the Authority are organized on the basis of an enterprise fund. This fund is used to account for operations; (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

c) Basis of accounting:

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

The financial statements are reflected on the accrual basis of accounting. Its revenues are recognized when they are earned and its expenses are recognized when they are incurred. Unbilled receivables of the Authority are recorded at year end. The Authority has elected to follow 1) all GASB pronouncements and 2) Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Charges for services:

Charges for services represent the estimated net realizable amounts from individuals, third-party payers, and others for services rendered. The Authority has agreements with third-party payers that provide for payments to the Authority at amounts different from its established rates. Payment arrangements include discounted charges. The Authority's ability to collect the amounts due (other than amounts due from third-party arrangements) is affected by the Authority's ongoing evaluation of its clients' credit worthiness.

e) Capital assets:

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Depreciation of all exhaustible fixed assets used by the Authority is charged as an expense against its operations. Accumulated depreciation is reported on the Authority's statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Building	40 years
Equipment	5 - 10 years
Vehicles	6 years

f) Compensated absences (vacation, sick, and compensatory leave):

The amount attributed to the Authority is charged to expenses and a corresponding liability. Subject to carry-over limits, employees receive one-half of unused sick leave and vacation pay annually, and one-half of unused compensatory time monthly.

NOTE 2 - CASH:

State statutes and the Authority's investment policy authorize the Authority to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Authority's deposits are in accordance with statutory authority. At February 29, 2008, the Authority had deposits with a carrying amount of \$169,333. At February 28, 2007, the Authority has deposits with a carrying amount of \$207,899.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Authority will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At February 29, 2008, \$88,435 of the Authority's bank balances of \$193,986 was exposed to custodial credit risk because it was uninsured and uncollateralized. At February 28, 2007, \$84,889 of the Authority's bank balances of \$215,904 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - CASH (continued)

The Authority believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

NOTE 3 - CAPITAL ASSETS:

Capital asset activity for the year ended February 29, 2008, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Capital assets being depreciated:				
Buildings	\$ 200,000	\$ -	\$ -	\$ 200,000
Equipment and vehicles	<u>378,505</u>	<u>104,804</u>	<u>-</u>	<u>483,309</u>
Subtotal	<u>578,505</u>	<u>104,804</u>	<u>-</u>	<u>683,309</u>
Less accumulated depreciation for:				
Buildings	(86,250)	(4,500)	-	(90,750)
Equipment and vehicles	<u>(306,588)</u>	<u>(20,314)</u>	<u>-</u>	<u>(326,902)</u>
Subtotal	<u>(392,838)</u>	<u>(24,814)</u>	<u>-</u>	<u>(417,652)</u>
Capital assets, net	<u>\$ 185,667</u>	<u>\$ 79,990</u>	<u>\$ -</u>	<u>\$ 265,657</u>

Capital asset activity for the year ended February 28, 2007, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Capital assets being depreciated:				
Buildings	\$ 200,000	\$ -	\$ -	\$ 200,000
Equipment and vehicles	<u>378,505</u>	<u>-</u>	<u>-</u>	<u>378,505</u>
Subtotal	<u>578,505</u>	<u>-</u>	<u>-</u>	<u>578,505</u>
Less accumulated depreciation for:				
Buildings	(81,750)	(4,500)	-	(86,250)
Equipment and vehicles	<u>(289,654)</u>	<u>(16,934)</u>	<u>-</u>	<u>(306,588)</u>
Subtotal	<u>(371,404)</u>	<u>(21,434)</u>	<u>-</u>	<u>(392,838)</u>
Capital assets, net	<u>\$ 207,101</u>	<u>\$ (21,434)</u>	<u>\$ -</u>	<u>\$ 185,667</u>

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - CLAIMS ARISING FROM RISKS OF LOSS:

The Authority is exposed to various risks of loss to general liability, property and casualty, and workers' compensation. The risks of loss arising from general liability up to \$5,000,000, building contents, workers' compensation, and casualty are managed through purchased commercial insurance.

The Authority is self-insured for any liability associated with its underground fuel storage tanks and has pledged the assets owned by the Authority in conjunction with the self-insurance certification.

October 21, 2008

**Members of the Board of Trustees
Wayland Area Emergency Medical Service**

We have audited the accompanying financial statements of the Wayland Area Emergency Medical Services (the Authority) as of February 29, 2008 and February 28, 2007 and for the years then ended, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 21, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 3, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was capital asset depreciation.

Management's estimate of the capital asset depreciation is based on the estimated useful lives of the Authority's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter associated with the audits for the year ended February 29, 2008 and February 28, 2007.

Other Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the Authority as of and for the year ended February 29, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls and, accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

The Authority has not implemented a system of controls to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to reconcile service revenue and associated receivables, the capitalization and depreciation of capital assets, and the presentation of financial statement disclosures. This is a recurring comment. The Authority has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so.

This communication is intended solely for the information and use of the Board of Trustees of the Authority and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Sigfried Crandall A.C.